HON'BLE SRI JUSTICE GODA RAGHURAM

W.P.NO. 25051 OF 2005

DATED: 20.9.2006

Between:

Chandra Dev Singh

… Petitioner

and

The Managing Director, Andhra Pradesh
State Financial Corporation and another

…
Respondents

HON'BLE SRI JUSTICE GODA RAGHURAM

W.P.NO.25051 OF 2005

ORAL ORDER:

Heard the learned counsel for the petitioner and Sri T. Durga Reddy, learned Standing Counsel for the respondent-Corporation.

The writ petition is directed aggrieved that the A.P. State Financial Corporation has published an auction notice in Eenadu daily newspaper on 27.8.2005, proposing auction of the petitioner's property bearing D.No.9-3-121 and 122, Rezimental Bazar, Secunderabad, which was admittedly offered as collateral security for a term loan obtained by one Yousuf Khan from the Corporation.

Yousuf Khan, the principal borrower having defaulted, the Corporation invoking power under Section 29 of the State Financial Corporation Act, 1951 (for short 'the Act') has notified for sale the petitioner's property offered as collateral security for the term loan obtained by Yousuf Khan.

The petitioner assails the auction notice, claiming that he is a third party to the transaction. Petitioner also assails the notice

on the ground that the Corporation would first have to take steps for recovering its dues from the principal borrower before proceeding against the petitioner.

None of the grounds urged to assail the auction notification are valid. They are misconceived. The Corporation has the power under Section 29 of the Act to bring the property offered as collateral security to sale without first proceeding against the property of the principal borrower.

In view of the legal position aforementioned, there are no merits. The writ petition is accordingly dismissed. No costs.

GODA RAGHURAM, J

Date: 20.9.2006
cvm